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# Analysis of Sharia Financial Literacy and Simple Financial Management Practices Among MSME Operators in Rappocini Subdistrict

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**Abstract**

*This study aims to analyze Islamic financial literacy and basic financial management practices among MSME operators in Rappocini District, Makassar City. The study employs a descriptive qualitative approach, with data collected through face-to-face interviews and documentation. The research informants consist of five MSME operators in the food and beverage sector, specifically vendors of coconut ice, meatballs, batagor, beverages, and steamed buns. The study focused on MSME operators' understanding of Islamic financial institutions, recording of income and expenses, budgeting for purchases, determining product cost of goods sold, setting profit margins, and the habit of setting aside business income. The results indicate that the level of Islamic financial literacy among MSME operators remains low. Most informants do not yet understand the substantive differences between Islamic banks and conventional banks. They tend to associate Islamic banks with Hajj and Umrah services, rather than with the principles of contracts, profit-sharing, or Sharia-compliant transactions. In terms of financial management, some informants have been recording their income and expenses, but they still use manual, simple methods that lack consistency. The determination of a product's cost of goods sold generally considers only the cost of primary materials, while operating costs have not been calculated in detail. Profit margins are mostly set based on experience, market conditions, and consumer purchasing power. Some informants have*



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*set aside income, but it has not been entirely separated from their personal finances. This study underscores the need for practical Islamic finance education and guidance for MSME operators.*

**Keywords: Islamic financial literacy, financial management, MSMEs, financial record-keeping, Rappocini Subdistrict.**

## INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in Indonesia's economy (Aprieni et al., 2024; Vinatra et al., 2023). MSMEs serve as a source of income for the community, create jobs, and drive economic activity at the local level (Yulya Ammi Hapsari et al., 2024). Law of the Republic of Indonesia No. 20 of 2008 defines MSMEs as productive businesses owned by individuals or business entities that meet specific criteria in accordance with legal provisions (Haryani, 2022; Ramadhan, 2023). In practice, MSMEs not only function as economic activities but also serve as a means of survival for people running businesses with limited capital (Yeni Haerani et al., 2026).

Small-scale MSME owners generally run their businesses in a simple manner. Many business owners manage production, sales, procurement of materials, and finances independently (Mihani & Robert Hutauruk, 2020). This situation means that business decisions often depend on day-to-day experience. Business owners typically determine material purchases, selling prices, profits, and business reserves based on habit. While this approach can help keep the business running, it is often insufficient for establishing orderly and systematic financial management (Anggraeni et al., 2022; Anwar et al., 2026).

One of the problems that often arises among small MSMEs is poor financial record-keeping. Some business owners have not separated their personal funds from their business funds. Others do keep track of income and expenses, but still rely on simple ledgers, notes on their cell phones, or simply their memory. As a result, business owners find it difficult to accurately determine their daily working capital, net profit, cash flow, and spending needs. This situation can hinder business growth because financial decisions are not always based on clear data (Alkamalat et al., 2024).

In the context of the Islamic economy, Islamic financial literacy is a crucial aspect for MSME operators. Islamic financial literacy is not limited to knowledge about Islamic banks (Nufrizal et al., 2025); it also encompasses an understanding of contractual principles, transactional fairness, the prohibition of usury, profit-sharing systems, and the



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use of financial products and services that comply with Sharia principles. This understanding is essential so that MSME operators can make more informed choices regarding sources of financing, savings, and financial services (Febriyani Lut'fiyah et al., 2025; Syahbannuddin Nasution et al., 2024).

However, the public's level of Islamic financial literacy still faces challenges. According to the 2025 National Survey on Financial Literacy and Inclusion, the national financial literacy rate stands at 66.46 percent, while Islamic financial literacy stands at 43.42 percent (OJK, 2025). This disparity indicates that the public's understanding of Islamic financial products, principles, and services still needs to be strengthened. This situation is particularly relevant for small MSME operators who require access to financial services that are secure, easy to understand, and tailored to their business needs.

This phenomenon is evident among small MSME operators in the Rappocini District of Makassar City. Some business owners have heard the term "Islamic bank," but do not yet have a deep understanding of how it differs from conventional banks. Some business owners still associate Islamic banking with Hajj and Umrah services, rather than with contractual principles, business financing, or profit-sharing systems. This indicates that Islamic financial literacy is still in the introductory stage and has not yet been fully applied in business management. Given these conditions, this study is important to analyze Islamic financial literacy and basic financial management practices among MSME operators in Rappocini Subdistrict. This study focuses on MSME entrepreneurs' understanding of Islamic financial institutions, recording income and expenses, preparing spending budgets, determining product cost of goods sold, setting profit margins, and the habit of setting aside business income. The results of this study are expected to provide an empirical overview of the need for more practical Islamic financial education and guidance for small MSME entrepreneurs.

## LITERATURE REVIEW

### Sharia Financial Literacy

Sharia financial literacy is an individual's ability to understand the concepts, products, services, risks, and principles of financial transactions that are in accordance with Sharia values(Anindia Dwitri & Sugeng Pradikto, 2025). This literacy not only covers the ability to recognize Sharia banks but also includes an understanding of contracts, profit-sharing, the prohibition of riba, the prohibition of gharar, the prohibition of maysir, and the principles of fairness and transparency in economic transactions. Through OJK Regulation No. 3 of 2023, the OJK emphasizes that improving financial literacy aims to


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strengthen the public's knowledge, understanding, access, and the quality of their financial decision-making(Rochendi et al., 2022).

The level of Islamic financial literacy in Indonesia still needs to be strengthened. The results of the 2025 SNLIK survey released by the OJK and BPS show that the national financial literacy index stands at 66.46 percent, while Islamic financial literacy stands at 43.42 percent. This gap indicates that the public's understanding of Islamic financial principles, products, and services is not yet as high as that of general financial literacy. A 2025 study by Alfarisy and Canggih also shows that Islamic financial literacy and inclusion contribute to the financial performance of MSMEs, making Islamic financial education crucial for strengthening business decision-making (OJK, 2025).

**Basic Financial Management**

Simple financial management for MSMEs includes recording income and expenses, separating personal and business funds, preparing a budget, calculating working capital, determining the cost of goods sold, setting profit margins, and setting aside business income. These practices are important because they help MSME owners understand their cash flow, net profit, capital needs, and the business's ability to survive. The Indonesian Institute of Certified Public Accountants' (IAPI) SAK EMKM also emphasizes the need for simple accounting standards for micro, small, and medium-sized entities that do not have significant public accountability. In practice, many MSME owners still manage their finances manually and lack a structured approach (Agustina & Saputri, 2022; Safitri, 2023).

## RESEARCH METHODS

This study employs a descriptive qualitative method. This approach was chosen because the study aims to directly describe the state of Islamic financial literacy and basic financial management practices among MSME operators. The study focuses on MSME operators' understanding of Islamic financial institutions, the recording of income and expenses, the determination of product cost of goods sold, the setting of profit margins, and the habit of setting aside business income.

The research was conducted in Rappocini Subdistrict, Makassar City, in June 2026. The research informants consisted of five MSME entrepreneurs engaged in the food and beverage business. Informants were selected purposively based on the criteria of actively running a business, being located in Rappocini Subdistrict, being willing to be interviewed, and having direct experience in managing business finances.



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Data collection was conducted through face-to-face interviews and documentation. Interviews were used to obtain key information from informants, while documentation served as supporting evidence for the research. The data collected were analyzed descriptively through the stages of data reduction, data presentation, and drawing conclusions. The validity of the data was reinforced by comparing responses among informants and cross-checking them with field documentation.

## DISCUSSION

The findings of this study were obtained through direct interviews with five MSME actors in Rappocini District, Makassar City. The informants were small business owners in the food and beverage sector. Their businesses included coconut ice, meatballs, batagor, beverages, and steamed buns.

Based on the data reduction process, five major themes were identified. These themes were MSME actors' understanding of Islamic finance, business financial recordkeeping, responses to changes in raw material prices, pricing and profit determination, and the habit of setting aside business income.

### MSME Actors' Understanding of Islamic Financial Institutions

The interview findings show that MSME actors' understanding of Islamic financial institutions remains limited. Of the five informants, only a few had heard of Islamic banks. However, their understanding had not yet reached the basic principles of Islamic finance, such as contracts, profit-sharing systems, the prohibition of riba, and Sharia-compliant business financing.

Some informants associated Islamic banks with Hajj and Umrah services. Ruhida stated, "Conventional banks can provide loans, even in small amounts, while Islamic banks are for people going to Umrah." Ina also explained that Islamic banks were understood as places for Hajj registration. Meanwhile, Irwan, Alint, and Hariyanto stated that they did not know or did not yet understand Islamic banks.

This finding indicates that Islamic financial literacy among MSME actors remains at the level of term recognition. It has not yet developed into conceptual understanding or practical use of Islamic financial products.

### Business Financial Recordkeeping Practices

In terms of financial recordkeeping, the findings show that some MSME actors had recorded their income and expenses. However, these records were still simple, manual,


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and not fully consistent. Some informants used cash books, while others still relied on memory or simple notes on their mobile phones.

Ruhida explained that income and expenses were usually remembered, although she sometimes recorded them on her mobile phone. Irwan stated that he had a notebook at home. Alint and Ina recorded their business finances in books. Hariyanto also stated that he had a cash book.

This finding shows that awareness of financial recordkeeping has begun to emerge among MSME actors. However, the practice has not yet been organized as a systematic daily business management tool.

**MSME Actors' Responses to Increases in Raw Material Prices**

The interview findings show that MSME actors used different strategies to respond to increases in raw material prices. Some informants chose to increase their selling prices to avoid business losses. Others adjusted the composition of ingredients or reduced product portions so that prices remained acceptable to customers.

Ruhida, Ina, and Hariyanto stated that they would increase their selling prices if raw material prices increased. Irwan chose to adjust the composition of ingredients, such as mixing fried onions with potatoes. Alint chose not to increase the price, but instead reduced the product portion.

This finding indicates that MSME actors have adaptive strategies in responding to changes in raw material prices. However, these strategies were mostly based on business experience rather than detailed cost calculations.

**Pricing and Profit Margin Determination**

In determining selling prices, most informants considered customers' purchasing power and market conditions. Product prices were not always determined through a complete calculation of production costs. Some informants set prices based on estimation, experience, and the need to keep products affordable for customers.

Ruhida stated that the selling price was adjusted to customers' purchasing power while still ensuring that the business did not suffer losses. Irwan explained that the price had to match the customers' ability to pay. Ina also stated that prices followed customers' purchasing capacity. Meanwhile, Hariyanto stated that he calculated the profit from each product before determining the selling price.


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This finding shows that only a small number of MSME actors had begun to use direct profit calculations in pricing decisions. Other informants still relied on simple considerations when setting product prices.

**The Habit of Setting Aside Business Income**

The findings show that most informants had developed the habit of setting aside part of their business income. The methods varied among informants. Some deposited their income directly into a bank or ATM after selling. Others saved money in a specific place, such as a piggy bank. However, not all informants were able to set aside income consistently because business income was not always stable.

Ruhida stated that she immediately set aside business income by depositing it in the bank after selling. Alint saved part of her income in a piggy bank. Ina deposited her income directly into an ATM. Hariyanto kept his sales income for one month before depositing it in the bank. Meanwhile, Irwan had not been able to set aside income regularly because his business income was declining.

This finding indicates that MSME actors already have awareness of saving or setting aside business income. However, the separation between personal finances and business finances has not yet been practiced regularly and systematically.

## CONCLUSION

The findings show that Islamic financial literacy among MSME actors in Rappocini District remains low. Some informants did not yet have a basic understanding of the differences between Islamic banks and conventional banks. Islamic banks were still understood mainly as institutions related to Hajj or Umrah services, rather than as financial institutions that apply contracts, profit-sharing systems, the prohibition of riba, and Sharia-compliant transactions.

In terms of basic financial management, some MSME actors had recorded their business income and expenses. However, the recordkeeping was still manual, simple, and inconsistent. Pricing decisions were also largely based on estimation, business experience, raw material prices, and customers' purchasing power. Most informants had not calculated product costs in detail, including gas, electricity, transportation, packaging, and labor costs. These findings indicate that MSME actors have developed an initial awareness of financial management, but they have not yet implemented an organized system. Some informants had also developed the habit of setting aside part of their income, although they had not fully separated personal finances from business finances.


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Therefore, MSME actors need practical education on Islamic financial literacy, cash recordkeeping, product cost calculation, profit margin determination, and the separation of business and personal finances.

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